

## EXECUTION COPY

### SUBORDINATION AGREEMENT

SUBORDINATION AGREEMENT, dated as of May 30, 2008, made by SCANA CORPORATION, such corporation being duly organized and existing under the laws of South Carolina (such corporation hereinafter referred to as the “**Subordinated Creditor**”) and SOUTH CAROLINA GENERATING COMPANY, INC., a corporation duly organized and existing under the laws of South Carolina (“**GENCO**”), in favor of The Prudential Insurance Company of America (the “**Purchaser**”) and all other holders of any Note (as defined below).

WHEREAS, the Purchaser has entered or is about to enter into a Note Agreement dated as of May 30, 2008 with GENCO (“**Note Agreement**”, the terms defined therein and not otherwise defined herein being used herein as therein defined), under which the Purchaser will purchase (a) \$80,000,000 principal amount of GENCO’s 6.06% Series 2008-A Senior Secured Notes due June 1, 2018 (the “**2008-A Notes**”) and (b) \$80,000,000 principal amount of GENCO’s 6.06% Series 2008-B Senior Secured Notes due June 1, 2018 (the “**2008-B Notes**”) and together with the 2008-A Notes, being collectively, the “**Notes**”); and

WHEREAS, the Subordinated Creditor advances funds to GENCO from time to time for working capital purposes and such advances are repaid by GENCO from time to time; and

WHEREAS, all such advances, and interest and premiums, if any, thereon and other amounts payable in respect thereof, and all other indebtedness, obligations and liabilities (whether created directly or acquired by assignment or otherwise) existing on the date hereof or arising from time to time thereafter, whether direct or indirect, joint or several, actual, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, of GENCO to the Subordinated Creditor, are hereinafter referred to as the “**Subordinated Debt**”; and

WHEREAS, as a condition precedent to their willingness to purchase the Notes the Purchaser has requested, among other things, that the Subordinated Creditor execute an agreement to subordinate the Subordinated Debt to the payment and performance of all indebtedness of GENCO to the Purchaser and all other holders of any Note; and

WHEREAS, the proceeds of the sale of the Notes will be used to purchase and install pollution control equipment for the Williams Station and for general corporate purposes, including, without limitation, to repay capital contributions and advances owed by GENCO to the Subordinated Creditor and the Utility Money Pool; and

WHEREAS, pursuant to the Unit Power Sales Agreement dated December 18, 1984 by and between South Carolina Electric & Gas Company, a South Carolina corporation (“**SCE&G**”) and GENCO, SCE&G purchases all of the capacity and energy of such facility for transmission to its customers and, as a result, it is in the direct interest and to the direct advantage of SCE&G and the Subordinated Creditor that GENCO purchase and install such pollution control equipment and repay such capital contributions and advances by selling the Notes to the

Purchaser and that the Subordinated Creditor execute such documents that the Purchaser may request to complete the financing.

NOW, THEREFORE, for value received, to satisfy one of the conditions precedent to the purchase of the Notes, to induce the Purchaser to purchase the Notes, to induce any Transferee to accept the transfer of all or any part of any Note, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Subordinated Creditor and GENCO agree as follows:

SECTION 1. Agreement to Subordinate. The Subordinated Creditor and GENCO agree that the Subordinated Debt is and shall be subordinate, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all of the indebtedness, obligations and liabilities existing on the date hereof or arising from time to time thereafter, whether direct or indirect, joint or several, actual, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, of GENCO to the holders of the Notes under or in respect of any one or more of the Transaction Documents, including, without limitation, the principal of and interest (including, without limitation, interest thereon after the commencement of any proceeding described in Section 3(a) hereof at the rate applicable for such Senior Indebtedness, whether or not such interest is an allowable claim in any such proceeding) and Yield Maintenance Amount, if any, on the Notes (all such indebtedness, obligations and liabilities are collectively referred to herein as the “**Senior Indebtedness**”). For purposes of this Agreement, the Senior Indebtedness shall not be deemed to have been paid in full unless the holders of the Notes shall have received full payment of the Senior Indebtedness in cash.

SECTION 2. Payment on the Subordinated Debt. The Subordinated Creditor may receive from GENCO, directly or indirectly, payments from time to time of all or any of the Subordinated Debt, provided, that GENCO shall make no payments on or in respect of the Subordinated Debt and the Subordinated Creditor shall not ask, demand, sue for, take or receive from or on behalf of GENCO, by setoff or in any other manner, the whole or any part of any money or other property which may now or hereafter be owing by GENCO on or with respect to the Subordinated Debt, if an event has occurred and is continuing, or would result from such payment, which constitutes an Event of Default or Default.

SECTION 3. In Furtherance of Subordination. The Subordinated Creditor agrees as follows:

- (a) Upon any distribution of all or any of the assets of GENCO to creditors of GENCO upon the dissolution, winding up, liquidation, arrangement, reorganization, adjustment, protection, relief or composition of GENCO or its debts, whether in any bankruptcy, insolvency, arrangement, reorganization, receivership, relief or similar proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of GENCO or otherwise or the sale of all or substantially all of GENCO's assets, all Senior Indebtedness (including, without limitation, interest thereon after the commencement of any such proceeding at the rate applicable for such Senior Indebtedness, whether or not such interest is an allowable claim in any such proceeding) shall first be paid in full before the Subordinated Creditor shall be entitled to receive any

payment with respect to the Subordinated Debt regardless of whether any Senior Indebtedness is avoided, disallowed, set aside or otherwise invalidated in any such proceeding and any payment or distribution of any kind (whether in cash, property or securities) which otherwise would be payable or deliverable upon or with respect to the Subordinated Debt shall be paid or delivered directly to the holders of the Notes for application (in the case of cash) to or as collateral (in the case of non-cash property or securities) for the payment or prepayment of the Senior Indebtedness until the Senior Indebtedness (including, without limitation, interest thereon after the commencement of any such proceeding at the rate applicable for such Senior Indebtedness, whether or not such interest is an allowable claim in any such proceeding) shall have been paid in full.

(b) If any proceeding referred to in subsection (a) above is commenced by or against GENCO,

(i) the holders of the Notes are hereby irrevocably authorized and empowered (in their own name or in the name of the Subordinated Creditor or otherwise), but shall have no obligation, to demand, sue for, collect and receive every payment or distribution referred to in subsection (a) above and give acquittance therefor and to file claims and proofs of claim and take such other action (including, without limitation, voting the Subordinated Debt or enforcing any security interest or other lien securing payment of the Subordinated Debt) as they may deem necessary or advisable for the exercise or enforcement of any of their rights or interests hereunder; and

(ii) the Subordinated Creditor shall duly and promptly take such action as any holder of any Note may request (A) to collect the Subordinated Debt for account of the holders of the Notes and to file appropriate claims or proofs of claim in respect of the Subordinated Debt, (B) to execute and deliver to the holders of the Notes such powers of attorney, assignments, or other instruments as it may request in order to enable it to enforce any and all claims with respect to, and any security interests and other liens securing payment of, the Subordinated Debt, and (C) to collect and receive any and all payments or distributions which may be payable or deliverable upon or with respect to the Subordinated Debt.

(c) All payments or distributions upon or with respect to the Subordinated Debt which are received by the Subordinated Creditor contrary to the provisions of this Agreement shall be received in trust for the benefit of the holders of the Notes, shall be segregated from other funds and property held by the Subordinated Creditor and shall be forthwith paid over to the holders of the Notes in the same form as so received (with any necessary endorsement) to be applied (in the case of cash) to or held as collateral (in the case of non-cash property or securities) for the payment or prepayment of the Senior Indebtedness in accordance with the terms of the Note Agreement.

(d) The holders of the Notes are hereby authorized to demand specific performance of this Agreement, whether or not GENCO shall have complied with any of the provisions hereof applicable to it, at any time when the Subordinated Creditor shall have failed to comply with any of the provisions of this Agreement applicable to it. The

Subordinated Creditor hereby irrevocably waives any defense based on the adequacy of a remedy at law, which might be asserted as a bar to such remedy of specific performance.

SECTION 4. No Commencement of Any Proceeding. The Subordinated Creditor agrees that, so long as any of the Senior Indebtedness shall remain unpaid, it will not commence, or join with any creditor other than the holders of the Notes in commencing, any proceeding referred to in Section 3(a) hereof.

SECTION 5. Waiver of Subrogation. The Subordinated Creditor will not exercise any rights which it may have acquired by way of subrogation under this Agreement, by any payment made hereunder or otherwise, or accept any payment on account of such subrogation rights, or any rights of reimbursement or indemnity or any rights or recourse to any security for the Notes or this Agreement unless and until all of the obligations, undertakings or conditions to be performed or observed by GENCO pursuant to the Notes, the Note Agreement and any other Transaction Document at the time of the Subordinated Creditor's exercise of any such right shall have been performed, observed or paid in full. If any amount shall be paid to the Subordinated Creditor on account of such subrogation or any such other rights at any time, such amount shall be held in trust for the benefit of the holders of the Notes and shall forthwith be paid to the holders to be credited and applied to GENCO's obligations to the holders of the Notes, whether matured or unmatured, in accordance with the terms hereof.

SECTION 6. Subordination Legend; Further Assurances. The Subordinated Creditor and GENCO will cause each instrument evidencing Subordinated Debt to be endorsed with the following legend:

"The indebtedness evidenced by this instrument is subordinated to the prior payment in full of (a) the Senior Indebtedness (as defined in the Subordination Agreement hereinafter referred to in this clause (a)) pursuant to, and to the extent provided in, the Subordination Agreement dated as of May 30, 2008 by the maker hereof and the payee named herein in favor of the holders of the Notes (as defined in such Subordination Agreement), (b) the Senior Indebtedness (as defined in the Subordination Agreement hereinafter referred to in this clause (b)) pursuant to, and to the extent provided in, the Subordination Agreement dated as of February 11, 2004 by the maker hereof and the payee named herein in favor of the holders of the Notes (as defined in such Subordination Agreement) and (c) the Senior Indebtedness (as defined in the Subordination Agreement hereinafter referred to in this clause (c)) pursuant to, and to the extent provided in, the Subordination Agreement dated as of August 21, 1992 by the maker hereof and the payee named herein in favor of the holders of the Notes (as defined in such Subordination Agreement)."

The Subordinated Creditor and GENCO will further mark its books of account in such a manner as shall be effective to give proper notice of the effect of this Agreement and will, in the case of

any Subordinated Debt which is not evidenced by any instrument, upon the request of any holder of a Note cause such Subordinated Debt to be evidenced by an appropriate instrument or instruments endorsed with the above legend. The Subordinated Creditor and GENCO will, at its expense and at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that any holder of a Note may request, in order to protect any right or interest granted or purported to be granted hereby or to enable the Purchaser or any other holder of a Note to exercise and enforce its rights and remedies hereunder.

SECTION 7. No Change in or Disposition of Subordinated Debt. The Subordinated Creditor will not:

(a) After the occurrence of an Event of Default or Default, cancel or otherwise discharge any of the Subordinated Debt (except upon payment in full thereof paid to the holders of the Notes as contemplated by Section 3(c) hereof) or subordinate any of the Subordinated Debt to any indebtedness of GENCO other than the Senior Indebtedness;

(b) Sell, assign, pledge, encumber or otherwise dispose of any of the Subordinated Debt unless the purchaser, assignee, pledgee or other recipient of the Subordinated Debt shall have assumed the obligations of the Subordinated Creditor hereunder pursuant to a written instrument, in form and substance satisfactory to the Required Holders, executed and delivered to the holders of the Notes; or

(c) Permit the terms of any of the Subordinated Debt to be changed in such a manner that may have an adverse effect upon the rights or interests of any holder of a Note hereunder.

SECTION 8. Agreement by GENCO. GENCO agrees that it will not make any payment of any of the Subordinated Debt, or take any other action, in contravention of the provisions of this Agreement.

SECTION 9. Senior Indebtedness Hereunder Not Affected. All rights and interests of the holders of the Notes hereunder, and all agreements and obligations of the Subordinated Creditor and GENCO under this Agreement, shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of any Transaction Document or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Senior Indebtedness, or any other amendment or waiver of or any consent to departure from any of the Transaction Documents;

(c) any exchange, release or non-perfection of any collateral, including, without limitation, the Mortgaged Property and the Collateral, or any release or amendment or waiver of or consent to departure from any guarantee, including, without limitation, the SCANA Guarantee, for all or any of the Senior Indebtedness; or

(d) any other circumstance which might otherwise constitute a defense available to, or a discharge of, GENCO or a subordinated creditor.

This Agreement shall continue to be effective or be reinstated, as the case may be, if (i) at any time any payment of any of the Senior Indebtedness is rescinded or must otherwise be returned by any holder of a Note upon the insolvency, bankruptcy or reorganization of GENCO or in connection with any other proceeding referred to in Section 3(a) or otherwise, all as though such payment had not been made, or (ii) any Liens securing payment of the Senior Indebtedness are subordinated, set aside, avoided or disallowed in connection with any proceeding referred to in Section 3(a) or otherwise.

SECTION 10. Waiver. Each of the Subordinated Creditor and GENCO hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Senior Indebtedness and this Agreement and any requirement that the Purchaser or any other holder of Note protect, secure, perfect or insure any Lien, including, without limitation, Liens under the Mortgage and the Security Agreement, or any property subject thereto or exhaust any right or take any action against GENCO or any other Person or any collateral, including, without limitation, the Mortgaged Property or the Collateral.

SECTION 11. Additional Agreements. The Subordinated Creditor agrees (a) not to challenge any Lien securing payment of the Senior Indebtedness, (b) that the Purchaser has not made any representations or warranties with respect to the due execution, legality, validity, completeness or enforceability of the Transaction Documents, or the collectibility of the Senior Indebtedness, (c) that each holder of a Note shall be entitled to manage and supervise its loans to GENCO in accordance with applicable law and its usual practices, modified from time to time as it deems appropriate under the circumstances and (d) that all holders of the Notes shall have no liability to the Subordinated Creditor for, and the Subordinated Creditor waives any claim which the Subordinated Creditor may now or hereafter have against any holder of a Note arising out of, any and all actions which any holder of a Note takes or omits to take with respect to any of the Transaction Documents or the collection of the Senior Indebtedness.

SECTION 12. Representations and Warranties. The Subordinated Creditor and GENCO each hereby represents and warrants as follows:

(a) True and complete copies of instruments, if any, evidencing Subordinated Debt now outstanding, have been furnished to Prudential. The Subordinated Debt has been duly authorized by the Subordinated Creditor and GENCO, has not been amended or otherwise modified, and constitutes the legal, valid and binding obligation of the Subordinated Creditor and GENCO enforceable against GENCO in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. There exists no default in respect of any such Subordinated Debt.

(b) The Subordinated Creditor owns the Subordinated Debt now outstanding free and clear of any Lien or any rights of others.

SECTION 13. Amendments, Etc. This Agreement may be amended, and the Subordinated Creditor or GENCO may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Subordinated Creditor and GENCO shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s). No course of dealing between the Subordinated Creditor, GENCO and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term “**this Agreement**” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

SECTION 14. Expenses. The Subordinated Creditor and GENCO jointly and severally agree to pay, upon demand, to the holders of the Notes the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel, which any holder of a Note may incur in connection with the exercise or enforcement of any of its rights or interests hereunder.

SECTION 15. Addresses for Notices. All written communications provided for hereunder shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (a) if to the Purchaser, addressed to it at the address specified for such communications in the Purchaser Schedule attached to the Note Agreement, or at such other address as it shall have specified to the Subordinated Creditor and GENCO in writing, (b) if to any other holder of any Note, addressed to such other holder at such address as such other holder shall have specified to the Subordinated Creditor and GENCO in writing or, if any such other holder shall not have so specified an address to the Subordinated Creditor and GENCO, then addressed to such other holder in care of the last holder of such Note which shall have so specified an address to the Subordinated Creditor and GENCO, (c) if to the Subordinated Creditor, addressed to it at 1426 Main Street, Columbia, South Carolina 29201, Attention: Corporate Treasurer, with a copy to the Corporate Secretary, or at such other address as the Subordinated Creditor shall have specified to the holder of each Note in writing; provided, however, that any such communication to the Subordinated Creditor may also, at the option of the holder of any Note, be delivered by any other means either to the Subordinated Creditor at its address specified above or to any officer of the Subordinated Creditor, and (d) if to GENCO, as provided in the Note Agreement. Any such communications which satisfy the foregoing provisions of this Section 15 shall be deemed to have been given for purposes hereof when actually received, or on the 5th Business Day after deposit in the United States mail in the case of communication by first class mail, or, on the 1st Business Day after deposit with a nationwide overnight delivery service in the case of communication by nationwide overnight delivery service.

SECTION 16. No Waiver; Remedies. No failure on the part of any holder of a Note to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 17. Continuing Agreement; Transfer of Notes. This Agreement is a continuing agreement and shall (a) remain in full force and effect until the Senior Indebtedness shall have been paid in full, (b) be binding upon the Subordinated Creditor, GENCO and their

respective successors and assigns, and (c) inure to the benefit of and be enforceable by the Purchaser, each Transferee and all other holders of the Notes and their successors, transferees and assigns.

SECTION 18. Governing Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. Any legal action or proceeding with respect to this Agreement may be brought in the courts of the state of New York or any court of the United States of America located in the state of New York, and, by execution and delivery of this Agreement each of the Subordinated Creditor and GENCO accepts for itself, generally and unconditionally, the jurisdiction of the abovementioned court and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or later have based on venue or forum non conveniens with respect to any action instituted therein.

*[signature pages follow]*



IN WITNESS WHEREOF, the Subordinated Creditor and GENCO each has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

**SCANA CORPORATION**

By: Alfred R. Can  
Title: Treasurer

**SOUTH CAROLINA GENERATING  
COMPANY, INC.**

By: Alfred R. Can  
Title: Treasurer